

DISCUSSION/ACTION AGENDA

Date: March 14, 2012

Item:

Consideration of Sales Tax Extension

Background:

In April, 2004, the City of Trinidad voters approved a ballot measure to impose a 1% transactions and use tax (sales tax) for a period of four years, which took effect on January 1, 2005 and ended on December 31, 2008. In 2008, the voters agreed to again institute an additional tax of .75% effective on April 1, 2009. Collection of this additional tax will end on March 31, 2013. This additional tax generates about \$100,000 per year (which represents about 21% of the total General Fund) and supplements the General Fund that supports police and fire protection, street and public facility services, park and trail maintenance and services provided by the town office.

In order to continue either the .75% tax add on or a different tax add on, a measure will need to be included on the November 2012 ballot at the latest. There would be no preparatory costs assessed by the Board of Equalization in the event the current tax add-on is continued. If the tax add-on lapsed and was subsequently approved again, the Board of Equalization would assess a preparatory start up cost. The preparatory start up in 2008 due to a break in application of the tax add-on was approximately \$15,700. If the add-on tax was continued but changed to a reduced (or increased) rate, there may be an associated set up cost assessed by the Board of Equalization.

Budget preparation for fiscal year 2012-13 will soon be underway. Adopted General Fund budgets for the current 2011-12 fiscal year are as follows:

GENERAL FUND REVENUES:	\$ 465,920
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GENERAL FUND EXPENDITURES:

General Administration (City Manager, City Clerk, Accountant, Auditor, Planner, Attorney, liability Insurance, town hall expenses, etc.)	\$ 275,023
Police (Contracted services, office support)	\$117,185
Fire (equipment and materials)	\$ 17,210 (excludes capital reserve)
Public Works (staffing, street lighting, materials, etc.)	\$ 87,405 (excludes Prop 1B)
Total Expenditures	\$ 496,823

Proposed Action:

Consider direction to staff to prepare documentation for a ballot measure for the November election regarding the add on sales tax.